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MAURITIUS

Statement by the Honourable Madan Murlidhar Dulloo
Minister of Foreign Affairs, International Trade and Cooperation

Allow me, on behalf of my delegation and on behalf of the ACP Group of countries to sincerely congratulate you upon your election as Chairperson of the Sixth Ministerial Conference of the WTO. We fully recognize the enormity of the challenges you face in this position, given the critical importance of our work here in Hong Kong for the rest of the negotiations in the Doha Round. And we are confident that under your able guidance our deliberations will reach a successful conclusion.

I also wish to express our profound gratitude for the reception and warm hospitality that has been extended to us by the Government and the people of Hong Kong China since our arrival in this beautiful city of Hong Kong.

This Conference has special significance for Mauritius and other ACP member States as it provides an opportunity to take stock on progress made in the negotiations since the adoption of the July Package. The Doha Round is premised on the need for addressing the development needs and concerns of the least developed and developing countries. We, therefore, reiterate that the development interests and concerns of these countries cannot but remain at the centre stage of the negotiations.

For the ACP, including Mauritius, the success of this Development Round depends on the outcome of this Conference. In a development round, it is legitimate that the developed countries make more compromises to enable the weaker and more vulnerable partners to have access to their markets. But access without the capacity to produce would remain meaningless. It is vital therefore that the Conference agrees on a package that would help to build supply capacity in the developing countries, in particular the weakest and most vulnerable among them and build resilience to meet the growing competitive challenges. The weaker ones need to be more protected if we want to have a win-win situation and see the developmental promises fulfilled. This Conference is an important milestone in our way towards reaffirming the development dimension of the Round. Anything short of achieving this would be a major blow to objectives set for the Round and would be particularly harmful for most of the vulnerable and small economies of the WTO for whom the multilateral trading system remains the forum to have their development agenda established and implemented. The majority of the Members of the WTO do not have the resources or the clout to engage in meaningfully bilateral negotiations at arm's length.

The ambition of this Round, which has placed development at the center stage, can neither be allowed to be diluted nor recalibrated. Members should now seek to work harder than ever before to achieve this goal as progress to date on the development front has been only too dismal. Most of the deadlines have not been met. Delivery on the promises of the Development Round will be gauged against benchmarks that see our countries reap tangible benefits and move up the ladder of

development. This is still not the case today as many of the vulnerable countries are excluded in the recent development initiatives announced in Hong Kong. Already since our meeting in Doha in 2001, there have been many casualties, for example, in sugar, banana, textiles and other products of vital economic importance for our countries.

Our situation has worsened due to a number of reasons including the erosion of trade preferences, growing tariff and non-tariff barriers to their exports, stringent rules of origin, complex sanitary norms and inadequate supply capacities. The Development Round was conceived with the overarching objective and ambition of redressing these imbalances and raising the standard of living of our people. Development should put people first. It is therefore incumbent upon all WTO Members to ensure that this pledge is met. Multilateral trade rules and negotiations must provide policy space for developing countries in particular the small vulnerable economies and poor countries so that they can integrate fully into the world economy. Then we can boast of a successful outcome.

The agriculture agenda is today driven by the interest of a few immensely resourceful countries. It must be recalled that given the vulnerabilities and lack of resilience of most of our Members, the legal system of the WTO has astutely allowed the co-existence of MFN rules and trade preferences. Preferences are recognized as legal in the WTO system though it is also recognized that it cannot be seen as part of a permanent arrangement.

The co-existence of these twin regimes has effectively permitted many countries to retain their niches within the broader framework of regulated market access and a predictable and legally secure system. The faster liberalization of agricultural markets, in the absence of flanking measures to support the necessary diversification and adjustment process, will only expose the ACP countries to mass destruction of welfare, employment and earning possibilities. An unbridled competition can only be detrimental to these resource-poor and vulnerable countries and further impoverish them. Most of them are net food importing developing countries and depend on their export earnings for their livelihood concerns and food security. These are important considerations which the WTO system should imperatively address.

Mauritius is a clear example of how this vulnerability affects us. From a mono-crop economy, Mauritius has many costly attempts at agricultural diversification. But this is the only crop that is well suited to the climatic conditions, hence, its pervasive influence on other sectors of the economy. With the so-called recent reform of the EU sugar regime which has cut down sugar prices by 36 per cent, Mauritius faces a bleak prospect for its main agricultural exports. Losses in revenue and jobs are going to be so huge as to attain disastrous proportions. Any further liberalization of sugar trade through the WTO would exacerbate the situation in Mauritius and other ACP countries. We call on Members to give due consideration to sensitive products like sugar.

The fragility of our economic situation becomes even more pronounced as other sectors are liberalized without considering what the future will reserve for us. The liberalization of the textile and clothing sectors brings another specter of gloom and agony in countries like mine. This sector, which plays a vital role in the Mauritian economy, has, in fact, been the first step towards the industrialization of the country. The dismantling of the Multi Fibre Arrangement has given another serious blow to our efforts for the diversification of our economy. The closure of factories resulting in loss of jobs and revenue for the village poor threaten our social fabric in its very foundation.

Mauritius is a far flung small island developing state. Due to its inherent vulnerabilities and its poor endowment in natural resources, it has limited diversification possibilities even in the industrial sector. It is crucial that these sensitivities be fully taken into consideration and that interests of our small economies are fully taken on board in the NAMA modalities.

Mauritius is working along with a group of small economies on the Doha Mandate on the small economies. There is need for real engagement and greater commitment on the part of all WTO

Members to deliver on this Mandate which is an integral part of the Doha Development Round. We need to build on the work done so far so that effective responses are found to the needs and concerns of the small economies for their full integration in the multilateral trading system. I seize this opportunity to welcome Saudi Arabia and Tonga as new Members of the WTO and I hope that the accession process of other countries, especially the weaker and vulnerable ones be expedited.

I realize that I have limited time. As I still have to dwell upon several issues of critical importance for the ACP, I am circulating a statement for the appreciation of the WTO Members. For the ACP Group, the success of this Round and the fulfillment of development promises we have to be gauged under four benchmarks, namely:

- (i) Balanced rules that provide developing countries the policy space to pursue development policies most suited to their levels of development and needs;
- (ii) enhanced market access for products and services of interest to developing countries;
- (iii) capacity-building programmes and technical assistance including for strengthening supply-side capacity of ACP countries, institution building and human resource development; and
- (iv) adjustment support measures.

The deliverables on development will have to be tangible, clear and meaningful. The ACP Group's expectations are that the outcome of the Round will allow our small and vulnerable economies to be integrated in the global economy and will be in consonance with the Millennium Development Goals and their realization.

We have taken note of the efforts made by the General Council Chairperson and the WTO Director-General in moving the Geneva process for the preparations for this Conference. The ACP Group has always constructively engaged at all stages of this process. In this perspective the Group provided its suggestions for amendment of the draft Ministerial Text so that there is a balance, equitable and acceptable outcome and caters for the interest of all WTO Members. A win-win situation needs to be created in the negotiations, which means that some Members will have to make relatively more efforts within the overall concepts of less than full reciprocity, it is only through such understanding and solidarity that a consensus can be achieved.

Let me now broadly underscore the ACP Group's views on the various areas under negotiation for reaching a consensus. The following issues are of critical importance to our economic development.

- (i) Market access for products of export interest to ACP countries;
- (ii) removal of structural distortions in agricultural markets;
- (iii) obligations to be undertaken by ACP countries should be commensurate with our level of development; and
- (iv) increased financial assistance for countries that will experience adjustment costs and for improving ACP's competitiveness.

On agriculture, the ACP Group is seeking a balanced outcome which ensures that the special and differential treatment and the developmental dimensions are well entrenched in the result of the negotiations. The issue of long standing preferences calls for concrete trade related solutions. We note with concern that the draft Ministerial Text on agriculture does not give any explicit indication regarding this issue. We believe that developmental content should be fully manifest in terms of the

reduction formula, the issue of proportionality, threshold for bands, selection and treatment of sensitive products, special products, SSM and issues relating to NFIDCs and LDCs.

On cotton, we stress the need to achieve expeditiously concrete results here at Hong Kong given the critical importance of this issue to ACP countries.

In NAMA, we wish to underline the high importance of having a tariff reduction approach and appropriate flexibilities in line with the development realities of the ACP countries. A trade solution to the fundamental problem of preference erosion is most critical to the Group.

The Group underscores the need for maintaining the policy space and the development flexibilities which are inherent in the GATS architecture. In this regard, the Group has serious concerns with the Annex C of the draft Ministerial Text as there is no agreement for its inclusion. The ACP urges on the need for securing a balanced outcome in the services negotiations.

Regarding development issues, it is our hope that progress will be achieved here in Hong Kong with a view to rectifying the imbalances in the various areas under negotiation. In this regard, the various mandates should be faithfully and fully completed, especially with regard to special and differential treatment, implementation issues and concerns, the special situation of LDCs, small economies, commodity issues, technical assistance, capacity-building, transfer of technology and trade, trade debt and finance.

Transparency and inclusiveness in the negotiations throughout this Conference is an essential condition in helping to enhance the credibility and viability of the multilateral trading system and ensuring the success of the Conference.

The ACP Group remains fully committed to this Development Round and will constructively engage with other Members to make the development promises of the Round a reality.
